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Internal Control Assessment
Write-Off Authorization

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Purpose

To ensure that FSA's internal control policies and standards regarding the authorization of delinquent debt write-offs fulfill requirements established by OMB Circular A-129 and Treasury/FMS supplement "Managing Federal Receivables."

Background

In accordance with OMB Circular A-129 and Treasury/FMS supplement "Managing Federal Receivables", write-off authorizations should be obtained prior to their recognition in FSA's general ledger. Each program area and accounting operation within FSA should have established authorization thresholds for write-offs. Such thresholds should be developed by FSA's management, subject to review by the CFO for consistency with its write-off policy. In developing the thresholds, consideration should be given to:

- Statutory or regulatory program requirements involving write-offs;
- Requiring that write-offs of progressively higher dollar amounts be authorized by progressively higher-level officials;
- Requiring signatures be obtained from authorized officials approving each write-off decision, before an asset is written off; and
- Appropriate internal control considerations (e.g., separation of duties, etc.) that should be implemented and documented, when applicable.

However, all debts greater than $100,000 must be approved by the Department of Justice prior to write-off.

Internal Control Standard

FSA must ensure that an authorized official approve in writing before an asset is written off as uncollectible.

Assessment of FSA's Compliance[*]

We held meetings with FSA staff and determined that appropriate write-off authorizations were obtained prior to general ledger recognition. Likewise, all debts greater than $100,000 were forwarded to Department of Justice prior to write-off.

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[*] The actual testing phase including interviews and examination of sampled records has not yet occurred. This write up is only a sample of what may be discovered during the testing phase of the FMFIA process.